

PIERCY BOWLER TAYLOR & KERN

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Accountant for the Debtor

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH
CENTRAL DIVISION**

In re:	Bankruptcy Case Number
BANKRUPTCY ESTATE OF UD DISSOLUTION CORP.,	14-32546 JTM
Debtor.	[Chapter 11]

**FIRST INTERIM APPLICATION FOR COMPENSATION AND REIMBURSEMENT
OF EXPENSES BY PIERCY BOWLER TAYLOR & KERN, ACCOUNTANT FOR
THE DEBTOR**

**TO THE HONORABLE JOEL T. MARKER, UNITED STATES BANKRUPTCY JUDGE
AND ALL PARTIES IN INTEREST:**

This Application of Piercy Bowler Taylor & Kern ("Applicant" or "PBTk") for approval of compensation and reimbursement of expenses respectfully represents:

INTRODUCTION AND BACKGROUND

1. Piercy Bowler Taylor & Kern is a Certified Public Accounting firm who specializes in providing accounting services related to bankruptcy matters.

2. On November 26, 2014, the Debtor filed a voluntary petition for Chapter 11 under the United States Bankruptcy Code.

3. On December 8, 2014, an application for employment of Piercy Bowler Taylor & Kern as Accountants for the Debtor was filed, and the Order approving such employment was signed by this Court on January 16, 2015.

4. This first interim application for compensation and reimbursement of expenses covers the period from December 1, 2014 through March 31, 2015.

5. The accountants and professionals that have performed services covered by this application and their hourly billing rates are as follows:

Mark D. Hashimoto	Principal	\$300.00
Mark D. Hashimoto – Travel	Principal	150.00
Charley Shumway	Manager	255.00
Pam S. Hashimoto	Senior Accountant	170.00
Pam S. Hashimoto – Travel	Senior Accountant	85.00
Jacqueline Henroid	Senior Accountant	170.00
Jeremy Lott	Staff Accountant	120.00

6. The rates charged by Applicant in this case are consistent with the rates charged to other clients for similar services, including non-bankruptcy clients.

7. A fee application has not previously been filed.

SUMMARY OF SERVICES PROVIDED

8. Applicant has rendered various services on behalf of the estate during the period from December 1, 2014 through March 31, 2015.

9. Exhibit "A" presents the overall summary of hours, fees and expenses of Applicant during the applicable period. In accordance with the U.S. Trustee guidelines for fee applications, Applicant submits the aforementioned summary showing the total hours each professional has expended in this case and the hourly rates for those services. The services performed broadly entail the following matters:

a. BANKRUPTCY CASE ADMINISTRATION – Compiled

financial data and information to be included in the Chapter 11 Initial Financial Report.

Compiled financial data and information to prepare cash receipts and cash disbursements, financial statements and other information to be included in the Chapter 11 Monthly Financial Reports for December 2014, January 2015 and February 2015 and prepare each report for filing.

Personnel and costs of performing such services were as follows:

Mark D. Hashimoto	19.50	\$300	<u>\$5,850.00</u>
Total	<u>19.50</u>		<u>\$5,850.00</u>

Blended Rate - \$300.00 per hour

b. ASSET ANALYSIS AND LIQUIDATION - Reviewed and

analyzed the Asset Purchase Agreement between the Debtor and Sphere 3D to determine the terms and conditions related to the Earn-Out provisions of the agreement. Met and corresponded with counsel and Ric Lindstrom to determine the Earn-Out terms and the potential deficiencies and defaults related to the Earn-Out. Drafted correspondence to the Chief Financial Officer of Sphere 3D to request financial data and information related to the Earn-Out, and traveled to the Sphere 3D offices to meet with their financial personnel and audit the financial data and information related to the Earn-Out. Reported results of our findings to the Debtor and counsel for the debtor. Personnel and costs of performing such services were as follows:

Mark D. Hashimoto	27.10	\$300	\$ 8,130.00
Mark D. Hashimoto – Travel	10.00	150	1,500.00
Pam S. Hashimoto	8.00	170	1,360.00
Pam S. Hashimoto - Travel	<u>10.00</u>	85	<u>850.00</u>
Total	<u>55.10</u>		<u>\$11,840.00</u>

Blended Rate - \$214.88 per hour

c. PLAN AND DISCLOSURE STATEMENT - Met with trustees

and counsel for the debtor to discuss disclosure statement and plan terms and provisions.

Analyzed financial data included in the disclosure statement to assure accuracy and reasonableness. Personnel and costs of performing such services were as follows:

Mark D. Hashimoto	<u>6.20</u>	\$300	<u>\$1,860.00</u>
	<u>6.20</u>		<u>\$1,860.00</u>

Blended Rate - \$300.00 per hour

d. GENERAL ACCOUNTING - Met with Ric Lindstrom to

transition financial documents to our control. Inventoried and analyzed financial documents

received, and determined additional documents needed. Began compilation of financial

transactions for 2014 in order to have a complete and accurate set of financial books, records and

financial statements. Personnel and costs of performing such services were as follows:

Mark D. Hashimoto	6.40	\$300	\$1,920.00
Pam S. Hashimoto	5.50	170	935.00
Jeremy Lott	<u>2.00</u>	120	<u>240.00</u>
	<u>13.90</u>		<u>\$3,095.00</u>

Blended Rate - \$222.66 per hour

e. TAX MATTERS – Prepared extensions for the 2014 income tax

returns. Prepared W-2's and accompanying payroll tax returns for 2014. Met with counsel to

discuss priority tax issues and claims. Personnel and costs of performing such services were as

follows:

Mark Hashimoto	3.40	\$300	\$1,020.00
Charley Shumway	.60	255	153.00
Jacqueline Henroid	<u>3.40</u>	170	<u>578.00</u>

Total	<u>7.40</u>	<u>\$1,751.00</u>
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Blended Rate - \$236.49 per hour

f. EMPLOYMENT AND FEE APPLICATIONS – Reviewed

employment pleadings and revised pleadings as necessary. Executed documents and transmitted them to counsel. Personnel and costs of performing such services were as follows:

Mark D. Hashimoto	<u>.70</u>	\$300	<u>\$210.00</u>
Total	<u>.70</u>		<u>\$210.00</u>

Blended Rate - \$300.00 per hour

10. Total fees by Applicant for services rendered during the Reporting Period were \$24,606.00. Applicant also had expenses of \$3,064.76 during the same period.

11. Applicant's services during the reporting period are fully detailed in chronological order by tasks in the attached statements included as Exhibit "B". These detailed time sheets were kept in the regular course of the Applicant's practice and the entries on such time sheets are made contemporaneously with the performance of the services described therein.

12. Applicant carefully reviewed all of its time charges to ensure they were reasonable and non-duplicative. Costs and expenses were also reviewed. Time was billed in tenths of an hour.

CONCLUSION

13. Your Applicant has no agreement, understanding or arrangement of any kind to divide or pay over any of the fees to be awarded in these proceedings. Fees are considered income to Applicant.

14. Piercy Bowler Taylor & Kern believes that compensation awarded herein will necessarily account for the quality of services rendered, the complexity of the issues at hand, the desirability of employment, the results obtained and the contingency thereof, as well as the actual hours expended. The work that Piercy Bowler Taylor & Kern has performed, as described above, substantially benefited the estate.

15. All compensation and reimbursement sought is interim and without prejudice to the right of this Court to reconsider amounts allowed and awarded.

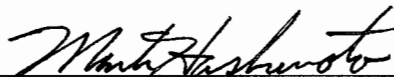
16. This application has been reviewed and approved by the Trustee.

17. Notice of this first interim fee application has been given to all known creditors and parties in interest pursuant to the notice procedures approved by this Court.

18. Wherefore, Applicant prays in accordance with the foregoing application to be awarded compensation for services in the amount of \$24,606.00 and expenses in the amount of \$3,064.76 for a total of \$27,670.76 and for such other and further relief as the Court deems just and proper.

DATED this 14th day of April, 2015.

By


Piercy Bowler Taylor & Kern
Accountant for the Debtor

VERIFICATION

STATE OF UTAH)
 :
County of Salt Lake)

I, Mark Hashimoto, CPA, have read the foregoing "First Interim Application for Compensation and Reimbursement of Expenses by Piercy Bowler Taylor & Kern, Accountant for the Debtor" and know the contents thereof. I declare under penalty of perjury that the facts stated herein are true and correct to the best of my knowledge.

EXECUTED this 14th day of April, 2015.



Mark D. Hashimoto, C.P.A.

EXHIBIT A

Case: UD DISSOLUTION CORP. - Case #14-32546
Name of Applicant: PIERCY BOWLER TAYLOR & KERN
Reporting Period: December 1, 2014 through March 31, 2015

NAME	POSITION	BILLING RATE	HOURS BILLED	FEES
Mark D. Hashimoto	Principal	\$ 300.00	63.30	\$ 18,990.00
Mark D. Hashimoto - Travel Time	Principal	150.00	10.00	1,500.00
Charley Shumway	Manager	255.00	0.60	153.00
Pamela Hashimoto	Senior Accountant	170.00	13.50	2,295.00
Pamela Hashimoto - Travel Time	Senior Accountant	85.00	10.00	850.00
Jackie Henroid	Senior Accountant	170.00	3.40	578.00
Jeremy Lott	Staff Accountant	120.00	2.00	240.00
Total Fees			<u>102.80</u>	<u>24,606.00</u>

EXPENSES:

Travel Expenses to Toronto	<u>3,064.87</u>
Total Expenses	<u>3,064.87</u>

Total Fees and Expenses for Current Application	<u><u>\$ 27,670.87</u></u>
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Fees Previously Requested	\$0.00
Expenses Previously Requested	0.00

Fees Previously Awarded	\$0.00
Expenses Previously Awarded	0.00

EXHIBIT B

UD DISSOLUTION CORP.

Date	Professional	Description	Hours	Fee
CASE ADMINISTRATION				
10-Dec	MDH	Phone call with B. Miller and J. Shields re status of case.	0.20	60.00
15-Dec	MDH	Review and analyze data and information received from R. Lindstrom re projections and 2014 financial data.	1.40	420.00
15-Dec	MDH	Prepare schedule of monthly projected cash flow for inclusion in initial report.	1.30	390.00
15-Dec	MDH	Phone call D. Chandler re Initial Financial Report and remaining information needed.	0.20	60.00
15-Dec	MDH	Draft email to R. Lindstrom re information needed for initial financial report.	0.30	90.00
16-Dec	MDH	Prepare Initial Financial Report and Environmental Questionnaire.	0.90	270.00
16-Dec	MDH	Review bankruptcy statements and schedules to determine liabilities as of 11/30.	0.50	150.00
17-Dec	MDH	Correspond with R. Lindstrom re 2014 income statement information.	0.30	90.00
17-Dec	MDH	Convert 2014 PADRM check register to Excel and analyze data.	0.80	240.00
18-Dec	MDH	Phone call B. Miller and D. Chandler re status of Initial Financial report.	0.20	60.00
18-Dec	MDH	Phone call with B. Miller re revisions to projections and revise projections accordingly.	0.60	180.00
18-Dec	MDH	Phone call D. Chandler re Initial Financial Report.	0.20	60.00
19-Dec	MDH	Review and analyze income statement received from R. Lindstrom. Clean up data and prepare income statement for inclusion in Initial Financial Report.	0.60	180.00
19-Dec	MDH	Make final revisions to Initial Financial Report and transmit to counsel for filing.	0.50	150.00
14-Jan	MDH	Prepare followup emails to request documents to prepare monthly report.	0.20	60.00
14-Jan	MDH	Review and analyze bank statements and records and prepare schedule of cash receipts and disbursements.	1.20	360.00
14-Jan	MDH	Prepare balance sheet and income statement for December.	0.80	240.00
14-Jan	MDH	Prepare monthly financial report for December and finalize exhibits to be attached and transmit to counsel.	1.50	450.00
4-Feb	MDH	Discussion with D. Chandler re payment of UST fees.	0.20	60.00
4-Feb	MDH	Correspond with J. Shields re quarterly fee payment.	0.20	60.00
12-Feb	MDH	Review and analyze financial information received from R. Lindstrom.	0.60	180.00
12-Feb	MDH	Prepare cash receipts and disbursements schedules for January.	0.70	210.00
12-Feb	MDH	Prepare monthly financial report and accompanying schedules for January. Finalize report and exhibits and transmit to Debtor and counsel.	1.20	360.00
26-Feb	MDH	Review draft letter to Peter Billings re avoidance actions and email counsel re same.	0.20	60.00
17-Mar	MDH	Discussion with D. Chandler re financial documents needed.	0.20	60.00
17-Mar	MDH	Draft email to all counsel and client to obtain financial documents for February. Review and analyze documents received.	0.60	180.00

UD DISSOLUTION CORP.

Date	Professional	Description	Hours	Fee
18-Mar	MDH	Review and analyze data and prepare cash receipts and disbursements schedules for February.	1.20	360.00
18-Mar	MDH	Phone call D. Chandler re Voutaz note.	0.20	60.00
18-Mar	MDH	Phone call R. Lindstrom re Voutaz note terms and calculate remaining balance due.	0.70	210.00
18-Mar	MDH	Prepare balance sheet and income statement from documents and information received.	1.00	300.00
18-Mar	MDH	Prepare monthly financial report for February and assemble exhibits.	0.80	240.00
Subtotal			19.50	5,850.00

ASSET ANALYSIS AND LIQUIDATION

19-Jan	MDH	Phone call J. Shields re potential defaults on Asset Purchase Agreement.	0.30	90.00
22-Jan	MDH	Review Asset Purchase Agreement and determine documents needed to analyze earn out.	0.50	150.00
23-Jan	MDH	Phone call J. Shields re potential earn out deficiencies with Sphere 3D.	0.20	60.00
23-Jan	MDH	Continue review of Asset Purchase Agreement and draft letter to Sphere 3D to request documentation on earn out revenues received and expenses incurred.	1.00	300.00
26-Jan	MDH	Review correspondence from J. Shields re potential deficiencies in earn out terms.	0.50	150.00
26-Jan	MDH	Review and revise letter to Sphere re documents and information needed to audit earn out provision.	0.80	240.00
27-Jan	MDH	Incorporate suggested revisions from counsel to earn out letter to Sphere.	0.30	90.00
27-Jan	MDH	Phone call R. Lindstrom and J. Shields re earn out provision of APA and request for information re same.	0.90	270.00
28-Jan	MDH	Review proposed revisions to document request from R. Lindstrom.	0.30	90.00
28-Jan	MDH	Discussion with J. Shields re revisions to document request.	0.20	60.00
28-Jan	MDH	Phone call R. Lindstrom re revisions to document request.	0.40	120.00
29-Jan	MDH	Revise correspondence re request for accounting documents.	0.60	180.00
3-Feb	MDH	Meeting with R. Lindstrom, J. Shields and Brennan Moss to discuss case strategy.	2.80	840.00
12-Feb	MDH	Review email from J. Shields re Sphere defaults.	0.20	60.00
19-Feb	MDH	Review and analyze schedules received from R. Lindstrom re Scarsdale account, sales and Voutaz payments.	0.80	240.00
20-Feb	MDH	Review emails from J. Shields and R. Lindstrom re response to S. Worthington and make edits as necessary.	0.80	240.00
23-Feb	MDH	Finalize letter to Sphere and transmit.	0.50	150.00
27-Feb	MDH	Phone call Scott Worthington re timing to visit Sphere and information to be reviewed.	0.30	90.00
7-Mar	MDH	Travel time to Toronto.	5.00	750.00
7-Mar	PH	Travel to Toronto	5.00	425.00
9-Mar	MDH	Meeting with P. Hashimoto, Scott Worthington and Ian McCutcheon to discuss income and expenses related to V3.	0.80	240.00
9-Mar	MDH	Review and analyze financial statements received from Sphere.	1.90	570.00

UD DISSOLUTION CORP.

Date	Professional	Description	Hours	Fee
9-Mar	MDH	Review and analyze general ledger for V3 Holdings and determine expense structure and allocation of expenses.	3.60	1,080.00
9-Mar	MDH	Review and analyze accounts payable and accounts receivable agings.	0.80	240.00
9-Mar	MDH	Meeting with Scott Worthington and Ian McCutcheon re history of operations.	0.50	150.00
9-Mar	MDH	Phone calls Ric Lindstrom re findings on review of financial information.	0.40	120.00
9-Mar	MDH	Discussion with P. Hashimoto re findings to date.	0.50	150.00
9-Mar	PH	Meeting with M. Hashimoto, Scott Worthington and Ian McCutcheon to discuss financial performance related to V3 products..	0.80	136.00
9-Mar	PH	Review and analyze sales and expense files and prepare summary of sales by invoice.	4.40	748.00
9-Mar	PH	Compile electronic files of detailed sales invoices and related expenses to be used for further analysis.	2.40	408.00
9-Mar	PH	Discussion with M. Hashimoto re documents and information received.	0.40	68.00
10-Mar	MDH	Phone call R. Lindstrom, J. Shields and J. Gfoeller re findings on financial audit of V3 Holdings.	1.10	330.00
10-Mar	MDH	Determine additional information needed from Sphere and call Ian McCutcheon re additional quesitons and information needed.	1.50	450.00
10-Mar	MDH	Continue review and analysis of financial data received on V# Holdings.	1.80	540.00
10-Mar	MDH	Travel time from Toronto.	5.00	750.00
10-Mar	PH	Travel time from Toronto.	5.00	425.00
11-Mar	MDH	Phone call J. Shields to discuss litigation strategy.	0.50	150.00
11-Mar	MDH	Phone call J. Shields, J. Gfoeller and R. Lindstrom to discuss findings on audit.	0.30	90.00
12-Mar	MDH	Review draft demand letter and draft email re potential revisions re same.	0.40	120.00
17-Mar	MDH	Review draft demand letter to Sphere and edit as necessary.	0.50	150.00
24-Mar	MDH	Draft memo on trip to Toronto.	0.80	240.00
30-Mar	MDH	Review email from J. Shields re Sphere compliance with APA and draft response.	0.30	90.00

Subtotal

55.10 11,840.00

PLAN AND DISCLOSURE STATEMENT

3-Mar	MDH	Phone call R. Lindstrom and J. Gfoeller re potential plan of reorganization and economics re same.	0.70	210.00
3-Mar	MDH	Phone R. Lindstrom, B. Miller and J. Gfoeller re strategy and economics of plan of reorganization.	0.50	150.00
25-Mar	MDH	Meeting with B. Miller, J. Shields, J. Gfoeller, B. Moss, R. Lindstrom and D. Chandler re plan and disclosure statement, status of issues and case strategy.	4.20	1,260.00
25-Mar	MDH	Review draft plan and disclosure statement and accompanying schedules.	0.80	240.00

Subtotal

6.20 1,860.00

UD DISSOLUTION CORP.

Date	Professional	Description	Hours	Fee
EMPLOYMENT AND FEE APPLICATIONS				
8-Dec	MDH	Review application to employ PBTK and related declaration, revise and return to counsel.	0.70	210.00
Subtotal			0.70	210.00
GENERAL ACCOUNTING				
26-Feb	MDH	Phone call J. Shields, B. Miller and R. Lindstrom re accounting issues and strategy re earn out audit.	0.50	150.00
26-Feb	MDH	Phone Seth Quealy re 1099.	0.20	60.00
24-Mar	MDH	Phone call R. Lindstrom re transfer of accounting documents and financial issues to be addressed.	0.50	150.00
25-Mar	MDH	Meeting with P. Hashimoto and R. Lindstrom to discuss accounting documents to be transitioned and link to accounting system.	2.50	750.00
25-Mar	PH	Meeting with R. Lindstrom and M. Hashimoto re historic accounting files and documents to be transitioned to PBTK and status of accounting.	2.50	425.00
25-Mar	PH	Review and analyze accounting documents to determine documents received, condition of records and work to be performed to update accounting.	2.20	374.00
31-Mar	JL	Discussion with P. Hashimoto to discuss update of Quickbooks file.	0.80	96.00
31-Mar	JL	Review and analyze 2014 financial data and begin compilation of updates to Quickbooks.	1.20	144.00
31-Mar	MDH	Review and analyze 2014 financial data and determine steps to compile financial statements.	1.30	390.00
31-Mar	PH	Meeting with J. Lott re updating Quickbooks files from March 2014 to present.	0.80	136.00
Subtotal			13.90	3,095.00
TAX MATTERS				
14-Jan	MDH	Phone call B. Miller re Liquidating Trust and taxing provision re same.	0.20	60.00
4-Feb	MDH	Email R. Lindstrom re documents and information for W-2's and 1099's.	0.20	60.00
12-Feb	MDH	Conference call with B. Miller, J. Shields, Ric Lindstrom and J. Gfoeller re priority tax issues.	0.80	240.00
12-Feb	MDH	Phone call Chrystal Mancuso re status of work done on tax issues.	0.30	90.00
12-Feb	MDH	Phone call C. Shumway re payroll and income tax issues and tasks to perform.	0.30	90.00
12-Feb	MDH	Phone call B. Miller re cash management system for the debtor.	0.20	60.00
12-Feb	MDH	Phone call Suzanne Verhaal re debtor cash management system.	0.20	60.00
24-Feb	MDH	Review W-2 data received from Debtor and call R. Lindstrom re same.	0.70	210.00
6-Mar	JH	Input W-2 data and review with M. Hashimoto	0.70	119.00
10-Mar	CS	Preparation of 2014 extension and setup of file.	0.60	153.00

UD DISSOLUTION CORP.

Date	Professional	Description	Hours	Fee
13-Mar	JH	Phone call state offices to obtain payroll tax information.	0.40	68.00
13-Mar	MDH	Discussion with J. Henroid re W-2 issues. Phone call R. Lindstrom re same.	0.50	150.00
24-Mar	JH	Preparation of payroll tax returns for 2014.	2.30	391.00
Subtotal			<u>7.40</u>	<u>1,751.00</u>
TOTAL FEES			<u>102.80</u>	<u>24,606.00</u>

EXPENSES:

8-Mar-15	Airfare - Mark Hashimoto	1,090.55
8-Mar-15	Airfare - Pam Hashimoto	1,090.55
10-Mar-15	Hotel	325.14
10-Mar-15	Rental Car	283.28
8-Mar-15	Meals	70.15
9-Mar-15	Meals	97.77
10-Mar-15	Meals	72.43
10-Mar-15	Parking	35.00
Total Expenses		<u>3,064.87</u>
TOTAL FEES AND EXPENSES		<u><u>27,670.87</u></u>